

AMENDED IN SENATE JUNE 16, 2003

AMENDED IN ASSEMBLY APRIL 21, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 747

Introduced by Assembly Members Matthews and La Malfa

February 19, 2003

An act to add ~~Section 14105.49~~ *Sections 14105.49 and 14105.50* to the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 747, as amended, Matthews. Medi-Cal: durable medical equipment *and hearing aids*.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons.

Under existing law, durable medical equipment and medical supplies are covered benefits under the Medi-Cal program, subject to utilization controls.

Under existing law, the department may enter into exclusive or nonexclusive contracts on a bid or negotiated basis with manufacturers, distributors, dispensers, or suppliers of appliances, durable medical equipment, medical supplies, and other product-type health care services for the purpose of obtaining the most favorable prices to the state and to assure adequate quality of the product or service, with certain exceptions.

Existing law requires the department to establish a list of maximum allowable product costs (MAPC) for medical supplies.

This bill would require the department to ~~establish a list of maximum allowable product costs for durable medical equipment~~ *determine the maximum allowable reimbursement rate for hearing aids* provided under the Medi-Cal program.

~~This bill~~

~~It would provide that prohibit the maximum reimbursement rate for the dispensing of each item of durable medical equipment shall not exceed hearing aids from exceeding the lesser of the cost of the item, plus a percentage markup as determined by the department, the contracting rate, or the federal medicare reimbursement rate.~~

This bill would also require the department to establish a list of covered services and maximum allowable reimbursement rates for durable medical equipment. It would provide that reimbursement for these items of durable medical equipment shall be the lesser of specified amounts.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14105.49 is added to the Welfare and
2 Institutions Code, to read:

3 14105.49. (a) (1) The department shall ~~establish a list of~~
4 ~~durable medical equipment and~~ determine the maximum
5 allowable product cost for each item of durable medical equipment
6 ~~reimbursement rate for hearing aids~~ provided as a benefit under
7 the Medi-Cal program.

8 (2) The list established pursuant to paragraph (1) shall be
9 published in provider manuals. Notwithstanding the rulemaking
10 provisions of the Administrative Procedure Act (Chapter 3.5
11 (commencing with Section 11340) of Part 1 of Division 3 of the
12 Government Code), actions of the department under this section
13 shall not be subject to the Administrative Procedure Act or to the
14 review and approval of the Office of Administrative Law.

15 (b) The maximum reimbursement rate for the dispensing of
16 ~~each item of durable medical equipment~~ *hearing aids* shall not
17 exceed the lesser of the following:



(1) The cost of the item, plus a percentage markup as determined by the department.

(2) The contracting rate.

(3) The federal medicare reimbursement rate for California.

SEC. 2. Section 14105.50 is added to the Welfare and Institutions Code, to read:

14105.50. (a) The department shall establish a list of covered services and maximum allowable reimbursement rates for durable medical equipment, as defined in Section 51160 of Title 22 of the California Code of Regulations, except wheelchairs and wheelchair accessories, and the list shall be published in provider manuals. The list shall specify utilization controls to be applied to each type of durable medical equipment.

(b) Reimbursement for durable medical equipment, except wheelchairs and wheelchair accessories, shall be the lesser of the following:

(1) The amount billed pursuant to Section 51008.1 of Title 22 of the California Code of Regulations.

(2) An amount that does not exceed 80 percent of the lowest maximum allowance for California established by the federal Medicare program for the same or similar item or service.

(3) The guaranteed acquisition cost negotiated by means of the contracting process provided for pursuant to Section 14105.3, plus a markup to be established by the department.

(c) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Government Code, actions under this section shall not be subject to the Administrative Procedure Act or to the review and approval of the Office of Administrative Law.

(d) The department shall consult with interested parties and appropriate stakeholders in implementing this section including:

(1) Notifying provider representatives of the proposed change.

(2) Scheduling at least one meeting to discuss the change.

(3) Allowing for written input regarding the change.

(4) Providing advance notice on the implementation and effective date of the change.